

Amendments to the Claims:

This listing of claims replaces all prior versions and listings of claims in the application:

Listing of Claims:

1. (Original) A method of constructing a portfolio, the method comprising:  
receiving target allocations for different types of assets;  
receiving a list of investments available for inclusion in the portfolio; and  
selecting investments from the list of investments based on a measure of the risk-adjusted excess return of selected investments and the received target allocations.
2. (Currently Amended) The method of claim 1 wherein the types of assets comprise ~~at least one of the following: domestic stock funds, foreign stock funds, bonds,~~ and comprises short-term assets.
3. (Original) The method of claim 1 wherein the target allocations comprise target allocations corresponding to different target allocation categories.
4. (Currently Amended) The method of claim 3 wherein the target allocation categories ~~comprise at least one of the following: comprises a conservative category, a balanced category, a growth category, and an aggressive growth category.~~

5. (Original) The method of claim 1 further comprising determining the target allocations.

6. (Original) The method of claim 5 wherein the determining comprises categorizing an investor based on investor responses to questions.

7. (Currently Amended) The method of claim 1 wherein the measure of risk-adjusted excess return comprises an alpha measurement determined in accordance with:

$$R_t = \alpha + \beta_1 R_{1t} + \beta_2 R_{2t} + \dots + \beta_N R_{Nt} + \varepsilon_t, \text{ where}$$

$\alpha$  = the risk adjusted excess return (alpha);

$R_t$  = the excess return of a fund in month  $t$ ;

$R_{kt}$  = the excess return of factor  $k$  in month  $t$  ( $K = 1 \dots N$ );

$\beta_k$  = the  $\beta$  of factor  $k$  ( $k = 1 \dots N$ );

$\varepsilon_t$  = the tracking error in month  $t$  ( $t = 1 \dots T$ ).

8. (Original) The method of claim 1 further comprising determining weightings for the selected investments.

9. (Currently Amended) The method of claim 8 wherein determining weightings comprises determining weightings using

$$\text{Minimize } \lambda W^T H W - G^T W$$

$$\text{Subject } \sum_{i=1}^N W_i = 1$$

$$Upper_{stock} \geq Stock\% \geq Lower_{stock}$$

$$Upper_{bonds} \geq Bonds\% \geq Lower_{bonds}$$

$$Upper_{cash} \geq Cash\% \geq Lower_{cash}$$

$$Upper_{foreign} \geq Foreign\% \geq Lower_{foreign}$$

where

$W$  = weight matrix of fund tracking\_error wrt the investment benchmark

$G$  = p-value of funds

$\lambda$  = risk aversion ratio

and

p-value = t-distribution (student t, n - p - 1)

$$\text{student } t = \frac{\alpha}{\sigma(\varepsilon_i) / \sqrt{n-p}} = \text{information ratio} \times \sqrt{n-p}$$

$$\text{Information ratio} = \alpha / \sigma(\varepsilon_i)$$

where

$\alpha$  = average risk adjusted excess return during the period;

$\sigma(\varepsilon_i)$  = tracking-error wrt the custom benchmark;

$n$  = number of observations;

$p$  = number of the independent random variables;

$n - p - 1$  = degrees of freedom in t-test[[]].

10. (Currently Amended) The method of claim 1 wherein selecting comprises selecting based on at least one of the following: investment net assets, investment life-

span, investment turnover ratio, investment expense ratio, investment minimum deposit requirement, and investment cash position.

11. (Original) The method of claim 1 wherein selecting comprises selecting based on a categorization of an investment.

12. (Original) The method of claim 11 wherein the categorization comprises an investment objective categorization.

13. (Original) The method of claim 11 wherein the selecting comprises selecting based on a style-category of an investment.

14. (Original) The method of claim 1 wherein selecting comprises selecting based on an  $R^2$  descriptive statistic indicating the consistency of an investment's risk-adjusted excess return measure.

15. (Original) The method of claim 1 further comprising evaluating the constructed portfolio.

16. (Original) The method of claim 15 wherein the evaluating the constructed portfolio comprises determining whether sector allocation of the constructed portfolio corresponds to a sector allocation of a market benchmark.

17. (Original) The method of claim 15 wherein the evaluating the constructed portfolio comprises determining whether the constructed portfolio is too heavily weighted to one of the selected investments.

18. (Original) The method of claim 15 wherein the evaluating the constructed portfolio comprises determining whether the constructed portfolio is insufficiently weighted to one of the selected investments.

19. (Original) The method of claim 15 further comprising constructing a different portfolio.

20. (Original) The method of claim 19 wherein constructing a different portfolio comprises constructing a different portfolio after modifying the target asset allocations.

21. (Original) The method of claim 1 further comprising provided a report describing the constructed portfolio.

22. (Original) The method of claim 1 further comprising receiving a target allocation to company stock.

23. (Original) The method of claim 22 further comprising adjusting the received target allocations for different types of assets based on the received portfolio allocation to company stock.

24. (Original) The method of claim 23 wherein the adjusting the target allocations for different types of assets comprises adjusting the target allocations such that the target allocations and the allocation to company stock have an associated risk level substantially the same as a risk level associated with a portfolio not having an allocation to company stock.

25. (Currently Amended) A method of constructing a portfolio, the method comprising:

receiving target allocations for different types of assets, the types of assets comprising domestic stock funds, foreign stock funds, bonds, and short-term assets;

receiving a list of investments available for inclusion in the portfolio;

screening the list of investments;

selecting and weighting investments from the screened list of investments based on a measure of the risk-adjusted excess return of selected investments and the received target allocations, the measure of risk-adjusted excess return comprising an alpha measurement determined in accordance with:

$$R_i = \alpha + \beta_1 R_{1t} + \beta_2 R_{2t} + \dots + \beta_N R_{Nt} + \varepsilon_i,$$

where

$\alpha$  = the risk adjusted excess return (alpha);

$R_t$  = the excess return of a fund in month  $t$ ;

$R_{kt}$  = the excess return of factor  $k$  in month  $t$  ( $k = 1 \dots N$ );

$\beta_k$  = the  $\beta$  of factor  $k$  ( $k = 1 \dots N$ );

$\varepsilon_t$  = the tracking error in month  $t$ ;

the weightings determined using

$$\text{Minimize } \lambda W^T HW - G^T W$$

$$\text{Subject } \sum_{i=1}^N W_i = 1$$

$$\text{Upper}_{\text{stock}} \geq \text{Stock}\% \geq \text{Lower}_{\text{stock}}$$

$$\text{Upper}_{\text{bonds}} \geq \text{Bonds}\% \geq \text{Lower}_{\text{bonds}}$$

$$\text{Upper}_{\text{cash}} \geq \text{Cash}\% \geq \text{Lower}_{\text{cash}}$$

$$\text{Upper}_{\text{foreign}} \geq \text{Foreign}\% \geq \text{Lower}_{\text{foreign}}$$

where

$W$  = weight matrix of fund tracking \_ error wrt the investment benchmark

$G$  =  $p$  - value of funds

$\lambda$  = risk aversion ratio

and

$p$  - value =  $t$  - distribution (student  $t$ ,  $n - p - 1$ )

$$\text{student } t = \frac{\alpha}{\sigma(\varepsilon_t)/\sqrt{n-p}} = \text{information ratio} \times \sqrt{n-p}$$

$$\text{Information ratio} = \alpha/\sigma(\varepsilon_t)$$

where

$\alpha$  = average risk adjusted excess return during the period;

$\sigma(e_t)$  = tracking - error wrt the custom benchmark;

$n$  = number of observations;

$p$  = number of the independent random variables;

$n - p - 1$  = degrees of freedom in t - test[[]].

26. (Original) A computer program product, disposed on a computer readable medium, for constructing a portfolio, the computer program product including instructions for causing a processor to:

receive target allocations for different types of assets;

receive a list of investments available for inclusion in the portfolio; and

select investments from the list of investments based on a measure of the risk-adjusted excess return of selected investments and the received target allocations.

27. (Currently Amended) The computer program product of claim 26 wherein the types of assets ~~comprise at least one of the following: domestic stock funds, foreign stock funds, bonds, and~~ comprises short-term assets.

28. (Original) The computer program product of claim 26 wherein the target allocations comprise target allocations corresponding to different target allocation categories.



29. (Currently Amended) The computer program product of claim 28 wherein the target allocation categories ~~comprise at least one of the following:~~ comprises a conservative category, a balanced category, a growth category, and an aggressive growth category.

30. (Currently Amended) The computer program product of claim 26 wherein the measure of risk-adjusted excess return comprises an alpha measurement determined in accordance with:

$$R_t = \alpha + \beta_1 R_{1t} + \beta_2 R_{2t} + \dots + \beta_N R_{Nt} + \varepsilon_t, \text{ where}$$

$\alpha$  = the risk adjusted excess return (alpha);

$R_t$  = the excess return of a fund in month  $t$ ;

$R_{kt}$  = the excess return of factor  $k$  in month  $t$  ( $k = 1 \dots N$ );

$\beta_k$  = the  $\beta$  of factor  $k$  ( $k = 1 \dots N$ );

$\varepsilon_t$  = the tracking error in month  $t$  ( $\{ \cdot \}$ ).

31. (Original) The computer program product of claim 26 further comprising instructions for causing the processor to determine weightings for the selected investments.

32. (Currently Amended) The method of claim 31 wherein the instructions for determining weightings comprises instructions for determining weightings using

$$\text{Minimize } \lambda W^T H W - G^T W$$

$$\text{Subject } \sum_{i=1}^N w_i = 1$$

$$Upper_{stock} \geq Stock\% \geq Lower_{stock}$$

$$Upper_{bonds} \geq Bonds\% \geq Lower_{bonds}$$

$$Upper_{cash} \geq Cash\% \geq Lower_{cash}$$

$$Upper_{foreign} \geq Foreign\% \geq Lower_{foreign}$$

where

$W$  = weight matrix of fund tracking error wrt the investment benchmark

$G$  =  $p$ -value of funds

$\lambda$  = risk aversion ratio

and

$p$ -value =  $t$ -distribution (student,  $n - p - 1$ )

$$student\ t = \frac{\alpha}{\sigma(\varepsilon_i)/\sqrt{n-p}} = \text{information ratio} \times \sqrt{n-p}$$

$$\text{Information ratio} = \alpha/\sigma(\varepsilon_i)$$

where

$\alpha$  = average risk adjusted excess return during the period;

$\sigma(\varepsilon_t)$  = tracking - error wrt the custom benchmark;

$n$  = number of observations;

$p$  = number of the independent random variables;

$n - p - 1$  = degrees of freedom in t - test[[],[]].

33. (Currently Amended) The computer program of claim 26 wherein the instructions for selecting comprise instructions for selecting based on at least one of the following: investment net assets, investment life span, investment turnover ratio, investment expense ratio, investment minimum deposit requirement, and investment cash position.

34. (Original) The computer program of claim 26 wherein the instructions for selecting comprise instructions for selecting based on a categorization of an investment.

35. (Original) The computer program product of claim 26 wherein the instructions for selecting comprise instructions for selecting based on an  $R^2$  descriptive statistic indicating the consistency of an investment's risk-adjusted excess return measure.

36. (Original) The computer program product of claim 26 further comprising instructions for evaluating the constructed portfolio.

37. (Original) The computer program product of claim 36 wherein the instructions for evaluating the constructed portfolio comprise instructions for determining whether sector allocation of the constructed portfolio corresponds to a sector allocation of a market benchmark.

38. (Original) The computer program product of claim 26 further comprising instructions for modifying the target asset allocations.

39. (Original) The computer program product of claim 26 further comprising instructions for receiving a target allocation to company stock.

40. (Original) The computer program product of claim 39 further comprising instructions for adjusting the received target allocations for different types of assets based on the received portfolio allocation to company stock.

41. (Original) The computer program product of claim 40 wherein the adjusting the target allocations for different types of assets comprises adjusting the target allocations such that the target allocations and the allocation to company stock have an associated risk level substantially the same as a risk level associated with a portfolio not having an allocation to company stock.